

Exhibit D(2)
American Dream Downpayment Initiative

REGULATORY AGREEMENT

STATE OF LOUISIANA
PARISH OF _____

THIS HOME PROGRAM REGULATORY AGREEMENT (HOMEOWNERSHIP ASSISTANCE) (the "Agreement") is dated as of _____, 200_, by and between the **LOUISIANA HOUSING FINANCE AGENCY** (the "Agency") and _____ (the "Borrower").

The Agency has provided through the American Dream Downpayment Initiative and HOME Investments Partnerships Program (the "ADDI HOME Program") a ADDI HOME Grant to the Borrower for the purpose of enabling the Borrower to acquire and occupy as the Borrower's principal residence the housing located on the real property described in **Exhibit A**, pursuant to the provisions of the ADDI HOME Program Regulations at 24 CFR, Parts 91 and 92, particularly Subparts H and M.

The provision of the ADDI HOME Grant through the American Dream Downpayment Initiative HOME Program requires the Borrower to agree to certain restrictions on the sale and disposition of the property in accordance with the ADDI HOME Program regulations.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions. The following terms shall have the respective meaning assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise.

"HUD" shall mean the U.S. Department of Housing and Urban Development.

"Low Income Household" shall mean a family whose annual income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

"Parish" shall mean the Parish in which the property described in **Exhibit A** hereto is located.

"Period of Affordability" shall mean five (5) years. The five (5) year period begins on the date of the closing.

SECTION 2. Agreements

- A. **Agency Agreement.** The Agency agrees to provide the ADDI HOME Grant in the amount of \$_____. Nothing in this Agreement, however, shall require the Agency to provide additional assistance to the Borrower, except on terms and conditions acceptable to the Agency.
- B. **Borrower Agreement.** In consideration of the Agency's agreement to provide the ADDI HOME Grant, the Borrower agrees to the following:

- 1) Continued occupancy of the housing as his/her principal residence until the end of the Period of Affordability. Should the Borrower not continue to occupy the property as his/her principal residence until the end of the Period of Affordability, Borrower shall have to repay the ADDI HOME Grant in accordance with the stated repayment schedule in subparagraph (5) below.
- 2) Conditional Contracts of Sale of Property or “Bonds for Deeds” or other agreements whereby the purchase and subsequent transfer of the subject property is intended after the payment of a stipulated sum are strictly prohibited and considered non-compliance with the HOME Program regulations.
- 3) Refinancing – Borrower agrees to repay the ADDI HOME Grant to the Agency, in accordance with the stated repayment schedule in subparagraph (5) below, if the Borrower refinances the property before the expiration to the Period of Affordability. Borrower cannot refinance the property without the express written approval of the Agency.
- 4) Resale of the Property – Should the Borrower decide to sell or otherwise transfer any ownership interest in the property during the Period of Affordability, the Borrower shall repay the ADDI HOME Grant to the Agency in accordance with the stated repayment schedule in subparagraph (5) below. After repayment, the Borrower is free to sell the home to any buyer at any price. Should the Borrower net insufficient funds from the sale of the property to repay obligations and liens that are senior to the ADDI HOME Grant, the Agency may forgive a sufficient portion of the ADDI HOME Grant so as not to have the Borrower contribute additional funds when selling the property.
- 5) Repayment Schedule for breaching Primary Residence Agreement of this Section, for Refinancing or for Selling (or otherwise transferring) the Property not in accordance with Section 2(B)(1-4) above.

<u>Disposition Period</u>	<u>Payment Due</u>
1 to 365 days	100% of grant
366 to 730 days	80% of grant
731 to 1095 days	60% of grant
1096 to 1460 days	40% of grant
1461 to 1825 days	20% of grant
After 1825	0% of grant

SECTION 3. Enforcement. The Borrower’s obligations under this Agreement may be enforced by the Agency or by _____, the Servicer or their successors and assigns.

SECTION 4. Term. This Agreement shall become effective upon its execution and delivery. This Agreement shall remain in full force and effect for a term and period equal to the Period of Affordability. Notwithstanding the immediately preceding sentence, this Agreement, and all and several of the terms hereof, shall terminate and be of no further force and effect in the event of involuntary non-compliance with the provisions of this Agreement caused by fire, seizure, requisition, foreclosure or transfer of title by deed in lieu of foreclosure (dation en paiement), change in a Federal law or an action of a Federal Agency after the date hereof which prevents the Agency and the Servicer from enforcing the requirements hereof, or condemnation or other similar event. Upon the termination of all and several of the terms of this Agreement, the parties

hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms.

This Agreement shall expire of its own terms at the end of the Period of Affordability. Thereafter, the Agency and the Borrower shall take whatever steps may be necessary or desirable to cause the release of this Agreement and its cancellation of record.

SECTION 5. Sale or Transfer of Property. The Borrower hereby covenants and agrees not to sell, transfer or otherwise dispose of the Property, or any portion thereof, during the Period of Affordability without obtaining the prior written consent of the Agency. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Property in violation of this Section 5 shall be null, void and without effect, shall cause a reversion of title to the Borrower and shall be ineffective to relieve the Borrower of its obligations under this Agreement. Refer to Section 2 (B) – Borrower Agreement.

SECTION 6. Covenants to Run with the Land. The Borrower hereby subjects the Property to the covenants, reservations and restrictions set forth in this Agreement. The Agency, the Servicer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land to the extent permitted by law and shall pass to and be binding upon the Borrower's successors in title to the Property throughout the term of this Agreement. Each and every contract, deed, mortgage or other instrument hereafter executed affecting or conveying the Property or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

SECTION 7. Burden and Benefit. The Agency, the Servicer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Property is rendered less valuable thereby. The Agency, the Servicer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Agency provided the ADDI HOME Grant.

SECTION 8. Enforcement. If the Borrower defaults in the performance or observation of any covenant, agreement or obligation of the Borrower set forth in this Agreement, and if such default remains uncured for a period of thirty days after written notice thereof shall have been given by the Agency or the Servicer to the Borrower, then the Servicer, acting on its behalf or on behalf of the Agency or the Agency shall declare an "Event of Default" to have occurred hereunder, and , at its option, may take any one or more of the following steps:

- (i) By mandamus or other suit, action or proceeding at law, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Agency or the Servicer hereunder;
- (ii) Take such other action at law as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder.

The Agency shall have the right, in accordance with this Section 8, without the consent, approval or knowledge of any person, to exercise any or all of the rights or remedies of the Agency hereunder.

SECTION 9. Recording and Filing. The Servicer shall cause this Agreement, all amendments and supplements hereto and thereto shall be recorded and filed in the conveyance and mortgage property records of the Parish and in which the property is located.

SECTION 10. Governing Law. This Agreement shall be governed by the laws of the State of Louisiana.

SECTION 11. Amendments. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the conveyance and mortgage property records of the Parish.

SECTION 12. Notice. Any notice required to be given hereunder shall be given by certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the person in question:

Agency: Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, LA 70808
Attention: Mr. Milton J. Bailey, President

Servicer: _____

Borrower: _____

SECTION 13. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

SECTION 14. Multiple Counterparts. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

THUS DONE AND SIGNED on the ____ Day of _____, 20__ before me, the undersigned Notary Public, in the Parish of _____, Louisiana and in the presence of the undersigned competent witnesses who have hereunto signed their names together with said appearers and me, Notary, after due reading of the whole.

LOUISIANA HOUSING FINANCE AGENCY

By: _____
Authorized Officer

WITNESSES:

Notary Public
Loretta Wallace
Notary No. 53916

[SERVICER]

By: _____
Authorized Officer

WITNESSES:

Notary Public

BORROWERS

By: _____

By: _____

WITNESSES:

Notary Public

EXHIBIT A to Exhibit D(2)
LEGAL DESCRIPTION OF PROPERTY